

American Rescue Plan Act of 2021



Working Group



Agenda

- Introductions
- Presentations
 - David P. Massaron, State Budget Director
 - Jay B. Rising, CFO-City of Detroit
- Discussion
- Next Steps



American Rescue Plan Act

- City of Detroit was expected to receive approximately \$880M from funding allocated to local units of government and states. However, on May 10, 2021 the City received notice that the allocation would be **\$826M**.
 - Allocation will be received in two tranches.
 - \$413M will be received in May 2021 and the other half is required not sooner than 1 year later.
- The U.S. Treasury Department released the “Interim Final Rule” that governs the use of these funds.



ARPA Interim Final Rule Highlights

- Provides detailed guidance on application of all 4 types of categories of eligible uses under ARPA.
- Negative COVID Impact Category

Must consider whether and how any intended use would respond to the COVID public health emergency.

- The emergency is the disease itself and harmful consequences of the economic disruptions resulting from or exacerbated by the emergency.

A response must first identify the need or negative impact and, second, identify how the response address to need or negative impact

- Presumption of eligibility when certain services provided in a Qualified Census Tract; otherwise must support disproportionate impact
- For programs addressing economic harm, must assess existence and extent of the harm and responsive of the program. Assistance or aid to those not experiences negative impact is an ineligible use.
- Any response must also be related and reasonably proportional to the extent and type of harm experienced.



ARPA Interim Final Rule Highlights (cont.)

- General Services Category, up to General Revenue Loss

Provides guidance on the calculation of revenue loss

- Excludes federal transfer payments from calculation, but allows State transfer payments

Recognizes that government spending levels affect the broader economic recovery and intends to allow Governmental Units with revenue shortfalls use funds to avoid cuts to governmental services

“Broad latitude” of use intended, including pay-go funding of infrastructure, health services, environmental remediation, and provision of police, fire and other public safety services

- Excludes principal and interest on outstanding debt, settlement or judgment obligations, or replenishing financial reserves since these expenses do not relate to the provision of services
- Excludes pension contributions, but allows regular contributions for current service.

- Other Highlights

- 2 year payment extension for obligated expenditures
- Procurement standards and restrictions



Future ARPA Funding Opportunities

Anticipated future state and federal stimulus funding opportunities*

Infrastructure Investment

- American Jobs Plan grants
 - CLEAN Act

Financial Assistance

- APRA – LIHWAP (program made permanent)

Lead Service Line Replacement

- State Grant - \$60 MM over 2-3 years
 - American Jobs Plan grants
 - LIFT Act

Utility Assistance

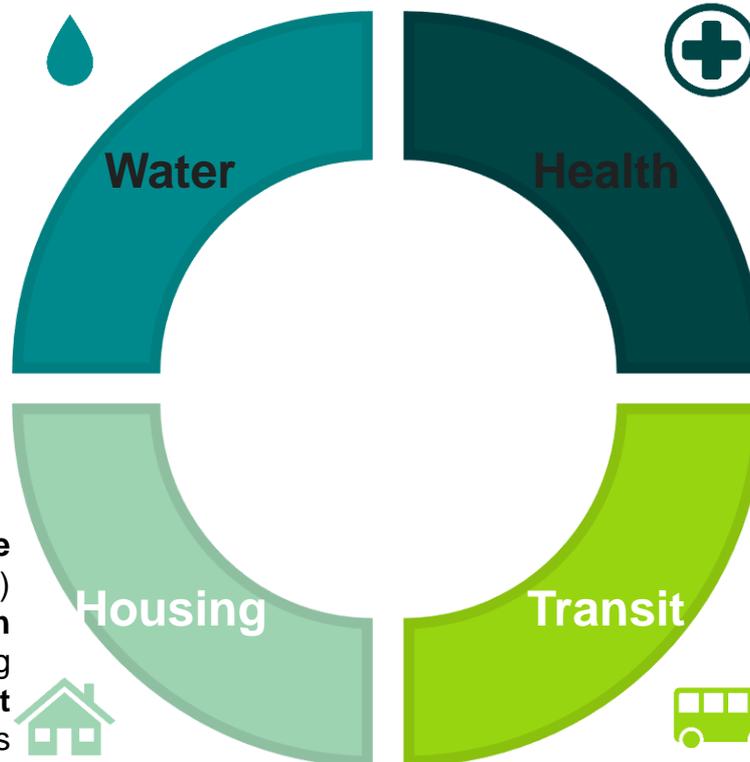
- ARPA – LIHEAP (funding increased)

Eviction

- ARPA - Housing Counseling

Legal Enforcement

- ARPA – Fair Housing Activities



American Rescue Plan Health Grants

- Child Abuse Prevention
- CDC COVID-19 Vaccines
- CDC COVID-19 School Testing
- Domestic Violence Prevention
- Family Health, Planning & Support
- Hunger Prevention
- Mental Health
- Substance Abuse
- Pollution and Environmental Justice

Infrastructure Replacement and Investment

- American Jobs Plan grants

*City allocations and available funding still being determined.



Ideas Discussed last time

- City Employee Protection
- Eviction Protections and Assistance
- Small Business Assistance
- Residential Development
- Rental Home Protection
- Lead Remediation
- Home Repair
- Mortgage Protection
- Overassessment Relief
- Low Income Transit Fares
- Residential Blight
- Job Training
- Recreation Centers
- Infrastructure Improvements
- Retiree Protection
- Sustainability Funding
- Community Training Centers



APPENDIX



Purpose of Working Group

- Allow staff from the Administration and City Council to collaborate in advance of submitting budget amendments to appropriate federal funds received from the American Rescue Plan and other federal stimulus bills that may be enacted.



American Rescue Plan Act; Purposes

- Response to public health emergency with respect to Covid OR its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries
- Premium pay to essential workers
- Government services, to the extent of the reduction in revenue due to Covid relative to FY 19
- Investments in water, sewer, or broadband infrastructure
- May not be used to for pension liabilities



ARPA Funding Premises

- As one-time funds, use of ARPA funds must be for purposes of a one-time nature.
 - Avoid capital expenditures with unsupportable long-term operating expenses
 - Assure programmatic support will be for a limited term; accelerating program activity while ARPA funding available but returning to normal spending levels after.
- Capacity augmentation with temporary hires and contractual supportive services rather than permanent FTEs.
- Seek opportunities for leverage.
- ARPA supports those factors that underlie the feasibility of the Plan of Adjustment while seeking to mitigate the impacts of COVID on Detroit residents and businesses.
- Look for measurable outcomes
- Avoid dilution risks



City Council ARPA Requests

- Right to Counsel
- Affordable Housing
- Social Services
- Home Repair
- Speed Humps
- Alleys
- Small Business Support
- Gun Violence
- Disability Affairs
- Language Access
- Elections
- Funding Assistance for Minority and Local Developers
- Mortgage Down Payment Assistance
- Rental Maintenance and Eviction Assistance

- Museums
- Mental Health
- Land Bank/Blight
- Public Health
- Water and Sewer Infrastructure
- Noise and Pollution Barriers
- Parks and Recreation
- Public Transit
- Immigrant Affairs
- Libraries
- City Planning
- Target Employment Training and Business Development
- Foreclosure Prevention
- Project Clean Slate

